

Introduced _____
Public Hearing _____
Council Action _____
Executive Action _____
Effective Date _____

County Council Of Howard County, Maryland

2005 Legislative Session

Legislative Day No. **5**

Bill No. 19 -2005

~~Introduced by Guy Guzzone, Chairman~~

Introduced by Guy Guzzone, Chairman, Charles C. Feaga, Christopher J. Merdon, David A. Rakes, and Ken Ulman

AN ACT authorizing certain homeowners to defer payment of certain County property taxes; setting eligibility requirements for homeowners to participate; specifying the part of the taxes that may be deferred; providing for interest on deferred taxes; providing that deferred taxes constitute a certain lien and personal liability; specifying when deferred taxes and accrued interest become due and payable; providing for an application procedure; authorizing a homeowner to end a deferral; requiring a certain report; prohibiting certain fraud; and generally relating to County property taxes.

Introduced and read first time _____, 2005. Ordered posted and hearing scheduled.

By order _____
Sheila M. Tolliver, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on _____, 2005.

By order _____
Sheila M. Tolliver, Administrator

This Bill was read the third time on _____, 2005 and Passed ___, Passed with amendments ___, Failed _____.

By order _____
Sheila M. Tolliver, Administrator

Sealed with the County Seal and presented to the County Executive for approval this ___ day of _____, 2005 at ___ a.m./p.m.

By order _____
Sheila M. Tolliver, Administrator

Approved by the County Executive _____, 2005

James N. Robey, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN ALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment

1 **Preamble**

2 The County Council of Howard County, Maryland, desires to allow qualified homeowners to
3 defer property taxes in accordance with the authority given to the County by § 10-204 of the
4 Tax-Property Article of the Maryland Code. The County Council intends that homeowners
5 who wish to participate in the deferral program should be able to do so as simply and as
6 easily as possible. The County Council also intends that the program be administered using
7 existing resources.

8
9 *Section 1. Be it enacted by the County Council of Howard County, Maryland, that new*
10 *Section 20-125 “Real property tax deferral for elderly or disabled homeowners”, be, and is*
11 *hereby added to Part III “State-Authorized Howard County Tax Credits” of Subtitle 1 “Real*
12 *Property Tax Administration, Credits and Enforcement”, of Title 20 “Taxes, Charges, and*
13 *Fees”, of the Howard County Code, to read as follows:*

14
15 **Title 20. Taxes, charges, and fees.**

16
17 **Subtitle 1. Real Property Tax Administration, Credits and Enforcement.**

18
19 **Part III. State-Authorized Howard County Tax Credits.**

20
21
22 **SECTION 20-125. REAL PROPERTY TAX DEFERRAL FOR ELDERLY OR**
23 **DISABLED HOMEOWNERS.**

24
25 **(A) DEFINITIONS.**

26 (1) THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

27 (2) “COMBINED INCOME” MEANS THE COMBINED GROSS INCOME OF ALL
28 INDIVIDUALS WHO ACTUALLY RESIDE IN A DWELLING EXCEPT AN
29 INDIVIDUAL WHO:

30 (I) IS A DEPENDENT OF THE HOMEOWNER UNDER § 152 OF THE
31 INTERNAL REVENUE CODE; OR

32 (II) PAYS A REASONABLE AMOUNT FOR RENT OR ROOM AND
33 BOARD.

1 (3) “DWELLING” MEANS A HOUSE THAT IS:

2 (I) USED AS THE PRINCIPAL RESIDENCE OF A HOMEOWNER AND THE
3 LOT OR CURTILAGE ON WHICH THE HOUSE IS ERECTED;

4 (II) OCCUPIED BY NOT MORE THAN 2 FAMILIES; AND

5 (III) ACTUALLY OCCUPIED OR EXPECTED TO BE ACTUALLY
6 OCCUPIED BY THE HOMEOWNER FOR MORE THAN 6 MONTHS OF A
7 12-MONTH PERIOD THAT INCLUDES JULY 1 OF THE TAXABLE YEAR
8 FOR WHICH THE DEFERRAL UNDER THIS SECTION IS SOUGHT.

9 (4) “HOMEOWNER” MEANS AN INDIVIDUAL WHO, ON JULY 1 OF THE
10 TAXABLE YEAR FOR WHICH THE DEFERRAL IS SOUGHT:

11 (I) ACTUALLY RESIDES IN A DWELLING IN WHICH THE INDIVIDUAL
12 HAS A LEGAL INTEREST; OR

13 (II) UNDER A COURT ORDER OR SEPARATION AGREEMENT, PERMITS
14 A SPOUSE, A FORMER SPOUSE, OR A CHILD OF THE INDIVIDUAL'S
15 FAMILY TO RESIDE WITHOUT PAYMENT OF RENT IN A DWELLING IN
16 WHICH THE INDIVIDUAL HAS A LEGAL INTEREST.

17 (B) *DEFERRAL AUTHORIZED.* A HOMEOWNER WHO MEETS THE REQUIREMENTS
18 OF THIS SECTION MAY DEFER PAYMENT OF COUNTY PROPERTY TAXES IN
19 ACCORDANCE WITH THIS SECTION.

20 (C) *QUALIFICATIONS.*

21 (1) TO BE ELIGIBLE FOR A DEFERRAL UNDER THIS SECTION, A
22 HOMEOWNER MUST MEET THE REQUIREMENTS OF THIS SUBSECTION.

1 (2) THE HOMEOWNER MUST HAVE RESIDED IN THE DWELLING FOR AT
2 LEAST 5 CONSECUTIVE YEARS.

3 (3) THE HOMEOWNER MUST LIVE IN A DWELLING WHERE THE COMBINED
4 INCOME DOES NOT EXCEED \$75,000 A YEAR.

5 (4) THE HOMEOWNER MUST BE AT LEAST 65 YEARS OLD OR
6 PERMANENTLY AND TOTALLY DISABLED.

7 (5) AN INDIVIDUAL IS CONSIDERED TO BE PERMANENTLY AND TOTALLY
8 DISABLED IF FOUND TO BE BY THE COUNTY HEALTH OFFICER OR IF SO
9 QUALIFIED UNDER THE SOCIAL SECURITY ACT, THE RAILROAD
10 RETIREMENT ACT, A FEDERAL ACT FOR MEMBERS OF THE ARMED
11 FORCES OF THE UNITED STATES, OR A FEDERAL RETIREMENT SYSTEM.

12 (D) *AMOUNT OF DEFERRAL*

13 (1) A HOMEOWNER MAY DEFER THE AMOUNT THAT THE COUNTY PROPERTY
14 TAXES DUE EXCEED THE AMOUNT OF COUNTY PROPERTY TAXES PAID BY
15 THE HOMEOWNER IN THE PRECEDING TAXABLE YEAR.

16 (2) DEFERRING TAXES UNDER THIS SECTION DOES NOT AFFECT ANY TAXES
17 THAT ARE NOT DEFERRED.

18 (E) *INTEREST*. INTEREST ACCRUES ON DEFERRED TAXES AT A RATE OF 0.0%.

19 (F) *LIMIT ON ACCUMULATION*. THE ACCUMULATION OF DEFERRED TAXES AND
20 ACCRUED INTEREST MAY NOT EXCEED 50% OF THE ASSESSED VALUE OF THE
21 PROPERTY.

22 (G) *PENALTY FOR NONPAYMENT*. A PENALTY MAY NOT BE CHARGED ON THE
23 PORTION OF THE TAXES DEFERRED UNDER THIS SECTION.

1 (H) *LIEN AND LIABILITY*. UNTIL EXTINGUISHED BY OPERATION OF LAW OR PAID,
2 REAL PROPERTY TAXES DEFERRED AND INTEREST ACCRUED ARE:

3 (1) A LIEN ON THE PROPERTY WITH THE SAME PRIORITY AS REAL PROPERTY
4 TAXES; AND

5 (2) A PERSONAL LIABILITY OF THE HOMEOWNER WHO OBTAINED THE
6 DEFERRAL.

7 (I) *WHEN DEFERRED TAXES DUE*. THE TOTAL AMOUNT OF REAL PROPERTY TAXES
8 DEFERRED AND INTEREST ACCRUED ARE DUE AND PAYABLE WHEN:

9 (1) THE HOMEOWNER CEASES TO OWN THE PROPERTY;

10 (2) THE HOMEOWNER CEASES TO OCCUPY THE PROPERTY AS THE PRINCIPAL
11 PLACE OF RESIDENCE;

12 (3) THE PROPERTY BECOMES SUBJECT TO A TAX SALE; OR

13 (4) THE HOMEOWNER FAILS TO SUBMIT A TIMELY APPLICATION FOR
14 DEFERRAL.

15 (J) *APPLICATION*.

16 (1) IN ACCORDANCE WITH THE REQUIREMENTS OF THE DIRECTOR OF
17 FINANCE, A HOMEOWNER SHALL FILE AN APPLICATION FOR DEFERRAL ON
18 THE FORM THAT THE DIRECTOR OF FINANCE PROVIDES.

19 (2) THE DIRECTOR OF FINANCE SHALL DESIGN THE APPLICATION FORM TO
20 COLLECT THE INFORMATION NEEDED TO EVALUATE AN APPLICANT'S
21 ELIGIBILITY AND MAY REQUIRE THE APPLICANT TO VERIFY THE
22 APPLICATION UNDER OATH.

1 (3) AFTER RECEIVING AN APPLICATION, THE DIRECTOR SHALL NOTIFY THE
2 APPLICANT WHETHER THE APPLICATION HAS BEEN APPROVED.

3 (4) IF THE APPLICATION IS APPROVED, THE APPLICANT AND THE DIRECTOR
4 OF FINANCE SHALL EXECUTE A WRITTEN AGREEMENT OF DEFERRAL THAT
5 PROVIDES FOR REPAYMENT AND INCLUDES A NOTICE OF LIEN.

6 (5) AFTER EXECUTING THE AGREEMENT, THE DIRECTOR OF FINANCE SHALL
7 NOTIFY THE MORTGAGEES OR BENEFICIARIES UNDER A DEED OF TRUST
8 THAT ARE LISTED IN THE APPLICATION.

9 (6) THE AGREEMENT SHALL BE RECORDED IN THE LAND RECORDS OF THE
10 COUNTY AT THE HOMEOWNER'S EXPENSE.

11 (K) *AUTHORITY OF TAXPAYER TO END DEFERRAL.* A HOMEOWNER MAY END A
12 DEFERRAL AT ANY TIME BY GIVING WRITTEN NOTICE TO THE DIRECTOR OF
13 FINANCE AND PAYING THE DEFERRED TAXES AND ACCRUED INTEREST.

14 ~~(L) *REPORT.* EACH YEAR, THE DIRECTOR OF FINANCE SHALL SUBMIT A REPORT~~
15 ~~TO THE COUNTY COUNCIL THAT INCLUDES THE NUMBER OF DEFERRALS, THE~~
16 ~~AGGREGATE TAXES DEFERRED, AND THE AGGREGATE INTEREST ACCRUED.~~

17 ~~(M) *FRAUD PROHIBITED.* A PERSON WHO KNOWINGLY PROVIDES FALSE OR~~

18 ~~(L) *PUBLICITY.*~~

19 (1) THE DIRECTOR OF FINANCE SHALL DEVELOP AND CARRY OUT A
20 PLAN TO PUBLICIZE THE DEFERRAL AUTHORIZED BY THIS SECTION.

21 (2) THE PLAN SHALL BE DESIGNED TO REACH THOSE TAXPAYERS MOST
22 LIKELY TO BE ELIGIBLE FOR THE DEFERRAL.

1 (M) REPORT. EACH YEAR, THE DIRECTOR OF FINANCE SHALL SUBMIT A
2 REPORT TO THE COUNTY COUNCIL THAT INCLUDES:

3 (1) THE NUMBER OF DEFERRALS, THE AGGREGATE TAXES DEFERRED,
4 AND THE AGGREGATE INTEREST ACCRUED; AND

5 (2) A SUMMARY OF THE EFFORTS TAKEN TO PUBLICIZE THE DEFERRAL.

6 (N) FRAUD PROHIBITED. A PERSON WHO KNOWINGLY PROVIDES FALSE OR
7 FRAUDULENT INFORMATION ON A DOCUMENT REQUIRED UNDER THIS
8 SECTION IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT
9 TO IMPRISONMENT NOT EXCEEDING 5 MONTHS OR A FINE NOT
10 EXCEEDING \$500.

11
12 *Section 2. And Be It Further Enacted by the County Council of Howard County, Maryland, that*
13 *this Act shall become effective 61 days after its enactment.*